

## PAY ADMINISTRATION

**1. REASON FOR ISSUE:** To revise Department of Veterans Affairs (VA) policy regarding pay administration.

**2. SUMMARY OF CONTENTS/MAJOR CHANGES:** This handbook contains mandatory VA procedures on pay administration. The pages in the handbook replace the corresponding page numbers in VA Handbook 5007. These changes will be incorporated into the electronic version of VA Handbook 5007 that is maintained on the [Office of Human Resources Management and Labor Relations Web site](#). Significant changes include:

- a. Adds pay setting instructions for nurses promoted simultaneous with placement on a specialty schedule.
- b. Clarifies the calculation of within grade increase amounts for GM employees.
- c. Eliminates reporting requirements for recruitment and relocation bonuses and retention allowances.
- d. Eliminates references to the Shared Service Center.
- e. Clarifies that nurses shall only be placed on a specialty schedule when the specialty is their primary role.

**3. RESPONSIBLE OFFICE:** The Compensation and Classification Service (055), Office of the Deputy Assistant Secretary for Human Resources Management and Labor Relations.

**4. RELATED DIRECTIVE:** VA Directive 5007, Pay Administration.

**5. RESCISSIONS:** Corresponding pages in VA Handbook 5007, dated April 15, 2002.

**CERTIFIED BY:**

**BY DIRECTION OF THE SECRETARY  
OF VETERANS AFFAIRS:**

/s/Robert N. McFarland  
Assistant Secretary for  
Information and Technology

/s/Tim S. McClain  
Acting Assistant Secretary  
Office of Human Resources and Administration

ELECTRONIC DISTRIBUTION ONLY



## CHAPTER 2. PROMOTIONS/ADVANCEMENTS

## 1. ADVANCEMENTS FOR PERSONNEL APPOINTED UNDER 38 U.S.C. 7401

a. **Promotion of Title 38 Employees (Except Nurses and Nurse Anesthetists).** An employee appointed under 38 U.S.C. 7401(1), except nurses and nurse anesthetists, shall receive, upon promotion, the lowest step rate within the higher grade that exceeds his or her existing step rate by not less than two step increases of the lower grade.

b. **Promotion of Hybrid Employees.** RTs, PTs, LPNs, OTs and pharmacists promoted to a higher grade are entitled to have their pay set in accordance with 5 U.S.C. 5334(b), unless they are entitled to a higher rate of pay under the provisions of part II, chapter [4], paragraph 2, or the grade and pay retention provisions of part III, chapter 6 of this handbook and 5 CFR, part 536.

**NOTE:** Refer to paragraph 4 of chapter 7, this part, for promotions involving special rates. Refer to chapter 4 of this part for assignment changes for personnel appointed under 38 U.S.C. 7306.

c. **Promotion of Nurses and Nurse Anesthetists.** Except as provided in subparagraphs 1c(1),(2), and (3), nurses and nurse anesthetists promoted shall receive basic pay at the lowest rate of the higher grade which exceeds the employee's existing rate of basic pay by not less than two step increments of the grade from which promoted, unless pay retention rules apply (see par. 6 of chapter 6, this part).

(1) **Promotion Simultaneous with Reassignment or Transfer to Another VA Facility.** Nurses or nurse anesthetists promoted effective the same date they are reassigned or transferred to another VA facility shall have their promotion calculated using the pay schedule of the losing location. Once the new grade and step rate are determined, the employee's salary rate is determined under the provisions in par. 1c(2) of chapter 4, this part.

(2) **Head Nurses**

(a) A head nurse promoted to a non-head nurse assignment receives the lowest step in the higher grade that equals or exceeds his or her existing rate of basic pay (excluding head nurse pay) by not less than two steps of the grade from which promoted. For example, a head nurse at Nurse II, step 7 (which includes the two additional steps for being a head nurse) would first have the 2 steps removed, then receive a two-step promotion and be placed on the lowest step in Nurse III that equals or exceeds Nurse II, step 7.

(b) The entitlement of head nurses promoted while remaining in a head nurse assignment will be determined as follows:

1. Remove the additional two steps for the head nurse assignment. **NOTE:** *These steps will be returned to the employee after calculating the promotion.*



grade which equals or exceeds the employee's existing rate of basic pay (including the higher rate based on specialized skills) by not less than one step increment within the grade from which promoted.

Example: An employee at Nurse I, step 5, based on possession of specialized skills receives the lowest step of Nurse II that equals or exceeds Nurse I, step 6.

[(4) **Promotion Simultaneous with Placement on a Specialty Schedule.** Nurses or Nurse Anesthetists promoted effective the same date they are assigned to a specialty schedule shall have their promotion calculated using the pay schedule to which assigned immediately prior to the promotion. Once the new grade and step are determined, the employee is then placed at the same grade and step on the specialty schedule.]

**d. Advancement of Nurses and Nurse Anesthetists to a Higher Level Upon Attainment of Additional Qualifications**

(1) Nurses and Nurse Anesthetists advanced to a higher level within Nurse I will receive two steps or be placed at the first step of the appropriate level, if that step is greater. However, except as noted for head nurses in chapter 8 of this part, no advancement may exceed the maximum authorized step of the grade. For example, an employee in Level 1 of Nurse I who is at step 1 would be advanced two steps upon attaining the qualifications for Nurse I, Level 2; however, the employee would be advanced to the beginning step of Level 2 if the beginning step of Level 2 is higher than step 3 of the grade.

(2) Advancement based on the attainment of a higher level in Nurse I is an equivalent increase and will cause the employee to begin a new waiting period for a PSI.

(3) Employees who are advanced to a higher level based upon attainment of additional qualifications effective the same date that they are reassigned or transferred to another VA facility shall have their advancement calculated using the pay schedule of the losing location (i.e. advanced two steps or to the first step of the next higher level, whichever is greater). Once the new grade and step rate is determined, the employee's salary rate is determined under the provisions in paragraph 1c(2) of chapter 4, this part.

**2. PROMOTIONS FOR PERSONNEL APPOINTED UNDER 38 U.S.C. 7405.** Upon promotion under 38 U.S.C. 7405, the pay of part-time and intermittent physicians, dentists, podiatrists, chiropractors, optometrists, nurses, PAs, and EFDAs shall be determined by the Under Secretary for Health in a manner consistent with paragraph 1 of this chapter.

**NOTE:** *Refer to chapter 7, paragraph 4, of this part for promotions involving special rates.*

**3. PROMOTIONS FOR POSITIONS SUBJECT TO 5 U.S.C, CHAPTER 51**

a. **Promotion.** On promotion, including transfer with promotion, an employee's salary will be set in accordance with the mandatory provisions of 5 U.S.C. 5334(b) (the "Two-Step Rule") or the provisions of this handbook regarding the application of the earned rate rule.

## PART III

## CHAPTER 2

b. **Re-promotion.** On re-promotion to a grade which an employee previously has held in VA, or to an intervening grade, his or her salary rate will be determined consistent with the provisions of subparagraph a above, or consistent with the earned rate rule, if appropriate, whichever results in the higher rate. The limitations in part II, chapter 4, paragraph 2b, on consideration of prior VA service shall not apply to these re-promotions. If application of the earned rate rule is not appropriate under the criteria specified, the salary shall be set at any lower step rate not less than the minimum required by subparagraph a above. If the re-promotion is to a grade not previously held in VA, or to an intervening grade, the salary shall be set based on the considerations specified in chapter 4, paragraph 2c of this part, applicable to transfers.

**NOTE:** *Refer paragraph 4 of chapter 7, this part, for promotions involving special rates.*

#### 4. PROMOTIONS FOR EMPLOYEES IN POSITIONS UNDER THE FWS

a. Upon promotion, an employee is entitled to the lowest scheduled rate of the grade to which promoted which exceeds his or her existing scheduled rate of basic pay (including a retained rate or a rate being received on a temporary promotion) by at least 4 percent of the representative rate of the grade from which promoted (5 CFR 532.407). **NOTE:** *Fractions of less than 1 cent may not be rounded down if it would result in an increase of less than 4 percent. Unpublished Comp. Gen. B-205372, July 23, 1982.*

b. If, upon promotion, there is no rate in the grade to which promoted which meets the above requirements, the employee shall be paid the maximum rate of the grade to which promoted or his or her existing scheduled rate of basic pay if that rate is higher.

c. When a promotion is to a different wage area, the employee's entitlement to pay will be determined as if there were two pay actions--a promotion and reassignment--and these actions will be processed in the order which gives the employee maximum benefit.

d. When promoted, an employee may be given a higher rate under the provisions of part II, chapter 4, paragraph 3 or part III, chapter 6, if it would result in a higher rate than would otherwise result from applying the provisions of this chapter.



## PART III

## CHAPTER 5

i. **Temporary Appointments.** Employees whose appointments are limited to 1 year or less are not eligible for within-grade increases. This includes permanent employees converted to appointments of 1 year or less, and employees given a series of appointments of 1 year or less, even though total service under those appointments may include sufficient creditable service to complete a waiting period.

[j. **Amount of Increase for GM Employees.** A step increase for a GM employee is the rate of basic pay that exceeds the employee's existing rate of basic pay by one-ninth of the difference between the minimum and maximum rates of pay for their grade (normally the within-grade increase amount) not to exceed the maximum rate for the grade.]

## 5. WITHIN-GRADE INCREASES FOR FEDERAL WAGE SYSTEM EMPLOYEES

a. **Entitlement.** An employee paid under a regular Federal Wage System pay schedule who has rating of record of fully successful or better (see 5 CFR 430.204(d)) shall advance to the next higher step rate within the grade at the beginning of the first applicable pay period following completion of:

- (1) 26 calendar weeks of creditable service in step 1;
- (2) 78 calendar weeks of creditable service in step 2; and
- (3) 104 calendar weeks of creditable service in each of steps 3 and 4.

b. **Beginning of New Waiting Period.** A new waiting period begins:

- (1) At the beginning of the first appointment as a Federal employee, regardless of tenure;
- (2) On the first day of a period of service after a break in service or time in a non-pay status of 52 weeks; or
- (3) On receipt of an equivalent increase (see subparagraph d below).

c. **Creditable Service.** The following periods are creditable service for within-grade purposes. For other instances of creditable service see 5 CFR 532.417(c)(5) through (8).

(1) Time during which an employee is in receipt of pay from a branch of the Federal Government or the District of Columbia, or a non-appropriated fund instrumentality of VA (the Veterans Canteen Service), Department of Defense or Coast Guard. This includes periods of leave with pay.

(2) Time during which an employee with a prearranged regularly scheduled tour of duty is in a non-pay status to the extent that the non-pay status does not exceed:

- (a) One workweek in the waiting period for step 2;



(b) Three workweeks in the waiting period for step 3; or

(c) Four workweeks in the waiting period for step 4 and 5.

(3) Time during which an employee or former employee is on a leave of absence or is separated from federal service and is entitled to continuation of pay or compensation under subchapter I of chapter 81, title 5, United States Code.

(4) Time during which a former employee is serving with the Armed Forces during a period of war or national emergency if the employee left the civilian position to enter the Armed Forces and:

(a) Is employed no later than 52 weeks after separation from active military duty; or

(b) Is restored to the civilian position after separation from active military duty or release from hospitalization following separation from active military duty.

**d. Equivalent Increases**

(1) Except as otherwise provided in this subparagraph, an equivalent increase means an increase or increases in an employee's scheduled rate of pay, equal to or greater than the amount of a within-grade increase for the grade in which the employee is serving.

(2) When an employee has served in more than one grade during the waiting period under consideration, and it is necessary to determine whether the employee received an equivalent increase in a prior grade, an equivalent increase is an increase or increases in the scheduled rate of pay equal to or greater than the amount of the within-grade increase between steps of the prior grade.

(3) When the employee receives more than one increase in his or her scheduled rate of pay during the waiting period under consideration, no one of which is an equivalent increase, the first and subsequent increases are added until they amount to an equivalent increase at which time the employee is considered to have received an equivalent increase.

(4) For the purposes of subparagraphs d(2) and (3) above, the waiting period under consideration is the waiting period immediately proceeding an employee's current entry into the rate of the grade in which he or she is serving.

(5) The following increases are not counted as equivalent increases:

(a) Application of a new or revised schedule or application of a new pay or evaluation plan;

(b) Payment of additional compensation in the form of non-foreign post differentials or non-foreign cost-of-living allowances;

**PART III**

**CHAPTER 5**

(c) Adjustment of the General Schedule (this provision is applicable to an employee whose service in a General Schedule position is being considered in connection with a within-grade increase in a wage job to which the employee has been changed);

(d) Premium pay for overtime, night or holiday duty;

## PAY ADMINISTRATION

## PART VI. RECRUITMENT AND RETENTION INCENTIVES

## CONTENTS

PARAGRAPH	PAGE
<b><u>CHAPTER 1. GENERAL</u></b>	
1. <u>PURPOSE</u> .....	VI-1
2. <u>RESPONSIBILITIES</u> .....	VI-1
<b><u>CHAPTER 2. RECRUITMENT AND RELOCATION BONUSES</u></b>	
1. <u>GENERAL</u> .....	VI-3
2. <u>CRITERIA FOR THE AUTHORIZATION OF RECRUITMENT AND RELOCATION BONUSES</u> .....	VI-5
3. <u>BONUS REQUESTS</u> .....	VI-5
4. <u>RECRUITMENT OR RELOCATION SERVICE AGREEMENT (RSA)</u> .....	VI-7
5. <u>PAYMENT PROCEDURE</u> .....	VI-7
6. <u>AGGREGATE LIMIT ON COMPENSATION</u> .....	VI-8
7. <u>SERVICE OBLIGATIONS</u> .....	VI-8
8. <u>REPAYMENT REQUIREMENTS</u> .....	VI-8
9. <u>RECORDS</u> .....	VI-10
10. <u>[ ] REPORTS</u> .....	VI-10
11. <u>SELECTIONS OF EMPLOYEES WITH UNFULFILLED BONUS OBLIGATIONS</u> .....	VI-11
12. <u>DELEGATIONS OF AUTHORITY</u> .....	VI-11
13. <u>DEFINITIONS</u> .....	VI-12
<b><u>CHAPTER 3. RETENTION ALLOWANCES</u></b>	
1. <u>COVERAGE</u> .....	VI-15
2. <u>CRITERIA NEEDED TO AUTHORIZE RETENTION ALLOWANCES</u> .....	VI-17
3. <u>ALLOWANCE REQUESTS</u> .....	VI-18
4. <u>EMPLOYEE STATEMENT OF UNDERSTANDING</u> .....	VI-19
5. <u>APPROVING ALLOWANCES</u> .....	VI-19
6. <u>RESPONSIBILITIES</u> .....	VI-19
7. <u>DELEGATIONS OF AUTHORITY</u> .....	VI-20
8. <u>PAYMENT PROCEDURES</u> .....	VI-20
9. <u>ANNUAL REVIEW</u> .....	VI-21
10. <u>CHANGES IN RETENTION ALLOWANCES</u> .....	VI-22
11. <u>RECORDS MAINTENANCE</u> .....	VI-23
12. <u>REPORTS</u> .....	VI-23

**PART VI**  
**CHAPTER 2****f. Changes in Hours of Work**

(1) **Increase in Hours.** An increase in hours of work after receipt of a bonus, whether initiated by the employee or management, does not increase the bonus or accelerate repayment of the service obligation.

(2) **Decrease in Hours**

(a) If a bonus recipient requests, and management approves, a decrease in hours of work before completing the service obligation, repayment of a prorated portion of the bonus is required. The unsatisfied portion of the service obligation remains. The amount of the bonus to be refunded will be computed as described in subparagraph e above.

(b) If the hours of work are reduced at management's request, repayment of the prorated portion of the bonus will not be required. However, the unsatisfied portion of the service obligation remains.

**9. RECORDS.** Records sufficient to reconstruct the action will be maintained at the approving level for 3 years. In no instance will records be destroyed before completion of the service obligation. Records on bonuses approved in CO will be maintained by [OHRM-LR (055)] for field positions, [(05HRS)] for VACO positions). Other bonus documents will be retained at the employing facility. These records will include, at a minimum: the request, the RSA, supporting documentation described in paragraph 3 of this chapter, release from the RSA, waiver request and approval (if applicable). The union, upon request, will be provided copies of these records in accordance with governing laws, rules, and regulations.

**10. [ ] REPORTS[.** Facilities are required to keep a record of each recruitment and relocation bonus and shall make such records available for review upon request by OHRM-LR. In addition, records will be made available to the union upon request.]

[ ]

## **11. SELECTIONS OF EMPLOYEES WITH UNFULFILLED BONUS OBLIGATIONS**

a. In very unusual situations, an employee who has not yet completed the service obligation for a prior bonus may be considered for another assignment. This consideration may or may not involve an overlapping bonus (see definition in paragraph 13 of this chapter).

b. The following officials may approve bonuses for employees with unfulfilled bonus obligations:

(1) The Secretary, or designee, is the selecting official and the approving official for bonuses for employees with unsatisfied service obligations who are being placed in, or being assigned from, positions centralized to that office and for all such actions involving placement between administrations and/or staff offices.

(2) Administration Heads, Assistant Secretaries, Other Key Officials, and Deputy Assistant Secretaries, or their VACO designees, are the recommending officials for actions described in this paragraph, which require the Secretary's approval. They are the selecting officials and the bonus approval officials for employees with unsatisfied service obligations who are moving between positions within their organizations not centralized to the Office of the Secretary, except as described below.

(3) Network directors, area directors, and the Director, Office of Field Operations, National Cemetery System, are the selecting officials and the bonus approval officials for employees with unsatisfied service obligations who are moving between non-centralized positions at different facilities under their respective jurisdictions. They recommend, through channels, movements of employees who are in centralized positions and have unfulfilled service obligations.

(4) Facility directors are the selecting officials for movements of employees with unfulfilled service obligations in non-centralized positions to other local non-centralized positions under their jurisdiction.

## **12. DELEGATIONS OF AUTHORITY**

a. Administration Heads, Assistant Secretaries, Other Key Officials, Deputy Assistant Secretaries, and facility directors are responsible for the fair, equitable, and fiscally responsible administration of this policy and for ensuring that recruitment and relocation bonuses, where recommended or approved, are determined in accordance with the criteria and procedures in this chapter.

b. The Office of Human Resources Management [and Labor Relations (OHRM-LR)] is responsible for advising management officials on the regulations and procedures in this chapter, conducting technical reviews of bonus requests submitted for centralized approval, [and] auditing recruitment bonus approvals for non-centralized positions [ ].



c. Retention allowance requests for groups must include the following:

- (1) A description of the group or category and number of employees to be covered;
- (2) The supervisory certification that a significant number of employees in the group are likely to leave Federal service;
- (3) The information required in paragraph 3b, items (3) through (9) above, for each employee in the group or category;
- (4) Signature blocks of the recommending and approving officials and dates.

d. Requests will be submitted in writing, through the local HRM office for technical review and concurrence, to the approving official in sufficient time for a decision before the proposed effective date. Retention allowance requests for field positions requiring centralized approval will be submitted through channels to [OHRM-LR (055)] for technical review and concurrence prior to action by the approving official.

**4. EMPLOYEE STATEMENT OF UNDERSTANDING.** An employee statement of understanding must be prepared by the HRM Office and included with each retention allowance request. A sample is included in appendix VI-D.

## **5. APPROVING ALLOWANCES**

a. Approving officials must review and approve each retention allowance in writing. Allowances will be effective only after the appropriate official approves the request. Approvals may not be made on a retroactive basis.

b. The approving official will return the approved allowance request to the recommending official for transmittal to the employee and the servicing HRM office. HRM officials will retain the approval, recommendation, and supporting documentation, including the signed Employee Statement of Understanding.

## **6. RESPONSIBILITIES**

a. Administration Heads, Assistant Secretaries, Other Key Officials, Deputy Assistant Secretaries, and facility directors are responsible for the fair, equitable, and fiscally responsible administration of this policy and for ensuring that retention allowances, where recommended or approved, are determined in accordance with the criteria and procedures in this chapter.

b. The Office of Human Resources Management [and Labor Relations (OHRM-LR)] is responsible for advising management officials on the governing regulations and the procedures in this chapter, conducting technical reviews of allowance requests submitted for centralized approval, [and] auditing retention allowance approvals of non-centralized positions [ ].





referred to in 5 U.S.C. 2302(d) relate to prohibited discrimination on the basis of race, color, religion, sex, national origin, age, disabling condition, marital status, or political affiliation.

**11. RECORDS MAINTENANCE.** Records sufficient to reconstruct the action will be maintained at the facility for three years after payment ends. Records on allowances approved in Central Office will be maintained by the [Compensation and Classification] Service ([055]) for centralized field positions, Central Office Human Resources Service ([05HRS]) for Central Office positions, and records of locally approved allowances will be retained at the employing facility. Records will include at a minimum: the request, the approval, the statement of understanding, supporting documentation described in paragraph 3 of this chapter, annual review requests and approvals with supporting documentation, notices of terminations with reasons.

**12. REPORTS[.** Facilities are required to keep a record of each retention allowance and shall make such records available for review upon request by OHRM-LR. In addition, records will be made available to the union upon request.]

[ ]



## CHAPTER 10. ALLOTMENTS AND ASSIGNMENTS FROM PAY

**1. GENERAL.** This chapter provides Department of Veterans Affairs (VA) mandatory guidance for allotments and assignments from pay. It provides for expanded options for allotments, including allotments to collective bargaining units by non-members and to professional organizations.

### 2. RESPONSIBILITIES

a. The Deputy Assistant Secretary for Human Resources Management and [Labor Relations] is responsible for issuing policy and advising management regarding allotments and assignments from pay, and determining if labor organizations meet the definition for exclusive representation, i.e., meet the definition of “labor organization” in 5 U.S.C. 7103(a)(4).

b. The Office of Financial Management is responsible for administering the processing of allotments. This includes developing fiscal policies and procedures, establishing system requirements, and maintaining those system resources needed to process allotments.

c. Management officials at the facility level are responsible for implementation matters, developing agreements for the payment of allotments with organizations and institutions, as necessary, and determining if an allotment may be approved for processing.

d. Officials with human resources and/or payroll responsibilities [ ] will advise employees under their jurisdiction on the policies and procedures for allotments from pay.

### 3. TYPES OF ALLOTMENTS ALLOWED

a. The Department is committed to providing employees with the opportunity to assign deductions from pay for certain legal and voluntary purposes. Included in this effort are allotments for debts to the Federal Government; donations to the Combined Federal Campaign; purchase of savings bonds; savings; dues to labor organizations; membership fees for employee or professional organizations; alimony and/or child support; installment purchases from the Veterans Canteen Service; membership fees to labor organizations by non-bargaining unit members; and, contributions to political action committees.

b. Allotments for purposes other than those specified in subparagraph a above are subject to approval by the Director of the facility responsible for processing the allotment.

c. This policy is not intended to allow for the authorization of allotments from pay for the purpose of bill paying or other commercial purpose. The Department reserves the right to refuse to process allotments that are contrary to law or agency policy, beyond system capacities, or that cannot be made by electronic funds transfer.

d. New allotment authorizations will not be accepted from employees on intermittent appointments



- b. Payment of United States Government Life Insurance and National Service Life Insurance, or certain other life insurance premiums;
- c. Repayment of home loans; and
- d. Payments for other legal purposes as deemed appropriate by management at the facility level.

## **5. AGREEMENTS WITH EMPLOYEE, LABOR, AND/OR MANAGEMENT ORGANIZATIONS**

- a. Allotments to organizations may require an agreement or written memorandum of understanding between the Department and the organization. These agreements will normally be developed at individual sites unless they involve more than one facility or location, in which case the agreements will be developed jointly by the affected locations. Human resources management offices and payroll activities [ ] should be involved in the agreement process.
- b. Organizations applying for dues withholding as labor organizations must meet the definition in 5 U.S.C. 7103(a)(4).

## **6. SETTING UP, PAYING, AND CANCELING ALLOTMENTS**

- a. Employees may set up or cancel allotments with assistance from their [ ] payroll [office] using specified procedures, forms, signatures, and conditions for each kind of allotment. Procedures [ ] are issued by the Office of Financial Policy in chapter 5 of MP-6, part V, supplement 2.3 [ ].
- b. Employees may set up and pay allotments to employee, labor, and/or management organizations that have a written agreement or memorandum of understanding between the Department and the organization.
- c. To the extent that current financial systems allow, new allotments will be paid by electronic funds transfer.
- d. An allotment will not be deducted for any pay period in which an employee has no pay or has insufficient pay to make the allotment under the established priority of deductions. Allotments suspended during such periods of leave without pay or insufficient pay will automatically resume when the employee's pay is sufficient to make the allotment.
- e. Employees who transfer from one facility to another must complete new allotment authorization(s) in order to continue the payment of the allotment. Employees should work closely with the human resources and payroll offices [ ] to ensure that essential payments continue.

f. An allotment will be canceled when:

(1) The employee requests cancellation, is no longer represented by an organization, or is no longer a member in good standing, and in accordance with the applicable agreement or memorandum of understanding. Payment will cease upon receipt by the payroll activity [ ] of written notification of one of these conditions from the employee, organization, or facility director or designee;

(2) The employee requests in writing that the allotment be cancelled;

(3) The employee dies, retires, transfers to another facility, or separates from VA employment;

(4) The recipient of the allotment dies or if the recipient's whereabouts are unknown; or

(5) Upon dissolution of the organization or institution receiving an allotment.

g. The number of allotments established will be consistent with Federal regulations, system requirements, and the Department's administrative needs and obligations.

**7. ADVISORY SERVICES.** The [Compensation and Classification] Service ([055]) will provide guidance and technical advice on the contents of this handbook. Technical information on procedures for setting up, closing, and administering allotments from pay is available at the local payroll activity [ ].

## **8. REFERENCES**

a. [Office of Personnel Management Memorandum, "Allotments to Political Action Committees," dated February 17, 1994].

b. [Title 5, U.S.C. 5514, 5516, 5517, 5520, 5521, 5525, 5527, and 7115].

c. [VA Handbook 5023, Labor-Management Relations].

d. [5 CFR, part 550, subpart C].

e. [31 CFR, part 209].

## **9. DEFINITIONS**

a. **Employee.** All categories of employees, including non-U.S. citizens at the Manila (PI) Regional Office and non-appropriated fund employees of the Veterans Canteen Service, but excluding employees appointed on a without-compensation basis or fee basis.

b. **Labor Organization.** An organization, as defined in 5 U.S.C. 7103(a)(4), that is the exclusive

**7. SPECIALTY SCHEDULES.** A separate salary schedule may be established for any nurse category by conducting a survey of pay rates for the corresponding specialty in the LLMA. These specialty areas include but are not limited to operating room nurse, nurse practitioner, critical care nurse, administrative nurse, clinical nurse specialist, and head nurse. **NOTE:** *Instructions for constructing specialty schedules for head nurses are contained in chapter 3, paragraph 2a(6). All pay administration policies applicable to head nurses (see part III, chapter 8) also apply to head nurses assigned to a specialty schedule.* [An individual shall only be placed on a specialty schedule if that specialty is their primary role.] Employees will be paid as follows:

a. **Approval of Specialty Schedule.** Employees reassigned to a specialty schedule must receive the corresponding rate for the grade and step held on the day before the effective date. If the employee is at a step on an extended rate range that does not exist on the specialty schedule, the employee will be placed at the maximum step of the grade on the specialty schedule and be granted pay retention under part III, chapter 6, paragraph 6 if his or her existing basic pay rate exceeds the maximum rate on the specialty schedule. If such an employee is subsequently reassigned to a schedule with a greater rate range, the employee may be placed at the corresponding rate for the grade and step held on the day before the effective date or may be adjusted up to the highest previous step held. They do not automatically get placed at the maximum step of the grade even if pay retention is terminating. Individuals newly placed in a head nurse assignment for which a specialty schedule applies will also receive a two-step adjustment for serving in the head nurse assignment.

b. **Termination of Specialty Schedule.** If the Director determines a specialty schedule is no longer necessary for recruitment and retention purposes and terminates the schedule, affected employees will be placed at the lowest step of the corresponding grade on the regular staff nurse schedule that equals or exceeds their existing rate of pay. If the employee was receiving a rate of pay in excess of the maximum rate of the grade on the regular staff nurse schedule, the employee will be placed on pay retention under part III, chapter 6, paragraph 6.

c. **Voluntary Reassignment.** Employees receiving pay under this paragraph who are voluntarily reassigned must receive the corresponding rate for the grade and step held on the day before the effective date and are not eligible for pay retention. If the employee had been placed at a lower step or given pay retention upon assignment to the specialty schedule because their step did not exist on the specialty schedule, the employee may be adjusted up to the highest previous step held (see subparagraph a above). They do not automatically receive the maximum step of the grade even if pay retention is terminating. Head nurses who are reassigned to another position also lose the additional two steps for the head nurse assignment.

d. **Involuntary Reassignment.** If the reassignment of an employee from an assignment covered by a specialty schedule is directed for reasons other than cause, the affected employee will be placed at the lowest step of the corresponding grade on the applicable schedule that equals or exceeds their existing rate of pay. If the employee was receiving a rate of pay in excess of the maximum rate of the grade on the new schedule, the employee will be placed on pay retention under part III, chapter 6, paragraph 6. Head nurses who are reassigned to another position also lose the additional two steps for the head nurse assignment.

## PART X

## CHAPTER 1

[e. **Promotion Simultaneous with Placement on Specialty Schedule.** Employees promoted effective the same date they are assigned to a specialty schedule shall have their promotion calculated using the pay schedule to which assigned immediately prior to the promotion. Once the new grade and step are determined, the employee is then placed at the same grade and step on the specialty schedule.]

**8. COORDINATION.** Successful implementation of the LPS requires close coordination between facilities in the same or overlapping LLMAs, as well as between facilities and their outpatient clinics. This includes coordination of the following items:

- a. Higher rates of pay for specialized skills approved under part III, chapter 8;
- b. Purchase or use of third-party salary survey data under paragraph 4c or d of this chapter, including determining applicability of such data and pay setting determinations.
- c. Surveys conducted under chapter 2, VA-Conducted Surveys, including establishing LLMAs, appointing data collectors, conducting surveys, implementing locality pay adjustments, and completing these tasks for satellite outpatient clinics;
- d. Salary schedule construction under chapter 3, Salary Schedule Construction and Implementation; and
- e. Exceptions to the 133 percent rate range under chapter 4, Exceptions to the 133 Percent Rate Range.

**9. EFFECTIVE DATES.** Authorizations (e.g., higher rates for specialized skills, expansion of the rate range, general pay adjustments) will be effective on the first day of a pay period. All reductions and terminations of authorizations will be effective on the last day of a pay period, unless they occur simultaneously with a change in beginning rates; then the effective date is the first day of the following pay period.

**10. POST AUDIT AND CORRECTIVE ACTION.** Actions taken under this part may be post audited by VA Central Office, and corrective action may be directed to ensure compliance with the law and this Handbook's provisions.